

## Testimony before Senate Finance Committee

May 18, 2011

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Chairman Widener, Vice Chair Jones, Ranking Minority Member Skindell and members of the committee. My name is Kim Newsom Bridges, and I am the Executive Director for the Ohio CSEA Directors' Association. I would like to recognize the Finance Committee members for passing Amended Substitute H.B. 114 which included an amendment that made the expenditures of the Tobacco Dollars more flexible for county agencies. These dollars will help the child support program in many counties through the end of this state fiscal year.

**We recommend redirecting \$10 million per year from Revenue fund 600658 – Child Support Collections into Line 600502 – Child Support Match in SFY12/13 to allow us to maintain a quality program and continue some program innovations. Without this transfer, we believe that there will be at least a \$10 million reduction in 600658 by SFY13. Please see the attached memo.**

I want to provide you with some important facts about Ohio's Child Support Program.

- Ohio is the third largest and third best performing state in the nation
- Over 1.2 million children and their parents (over one third of Ohio's population) are in our caseloads
- On average we collect over \$2 Billion annually in child support collections
- For every dollar spent, we collect \$6.57 in child support, which is 37% higher than the national average
- Nationally for every 4 dollars spent on child support program, 5 dollars is saved in other programs
- Ohio retained \$31 million in child support and medical support collections in FFY10
- We pass through nearly \$30 million in federal funds to local governments for their costs in providing child support services—this benefits courts, sheriffs, prosecutor's offices, and others
- 40% of the children born in Ohio are born to unmarried parents. Many of these families are receiving TANF and other public benefits
- 13% of our one million cases are currently receiving TANF/OWF; 44% have received benefits in the past and 43% have never received cash benefits
- If we establish a cash child support order for a family receiving TANF, they will leave TANF three times faster than if we do not establish an order
- We collect child support for the Public Children Services Agencies to reimburse for children that are in IV-E care and other placements and we collect dollars to reimburse counties for children in juvenile detention centers and DYS custody.

- Due to the reduction in employment opportunities for our families, county agencies have seen a doubling or more of requests to administratively review and appropriately adjust their child support orders. This trend will continue with the parents losing unemployment benefits as well
- We maximize the administrative process, saving court time for contested actions and we utilize a variety of enforcement tools in our efforts to collect child support for families
- We are partnering with Fatherhood Organizations, Work Force and Other groups to provide parents with support systems that will help them meet their support obligations and become a participating parent
- We have reduced the number of obligors in State Prisons and local jails through successful diversion programs

## PROPOSED OHIO BUDGET

- 600502 is the line item dedicated to county child support operations. This has been reduced to \$16.8 million
- In February 2006, Congress passed the Deficit Reduction Act of 2005(DRA). This act removed our ability to use earned performance incentives as local match. We currently earn \$2 federal dollars for every local dollar expended
- Ohio is a great performer and is the third largest earner of the incentives – earning between \$28 and \$30 million annually
- As explained by ODJFS leadership, this creates a funding gap of over \$100 million over the biennium
- In SFY 08, Ohio increased 600502 to \$33,660,414 – adding just under \$17 million to our line item to partially offset this Congressional Action.

### ***How does the federal change in funding impact the dollars available to Ohio's 88 County CSEA's***

#### **Prior to DRA**

\$28 million in incentives permits spending of \$84 million

\$28 million local + \$56 million in Federal = \$84 million in spending power

#### **After DRA**

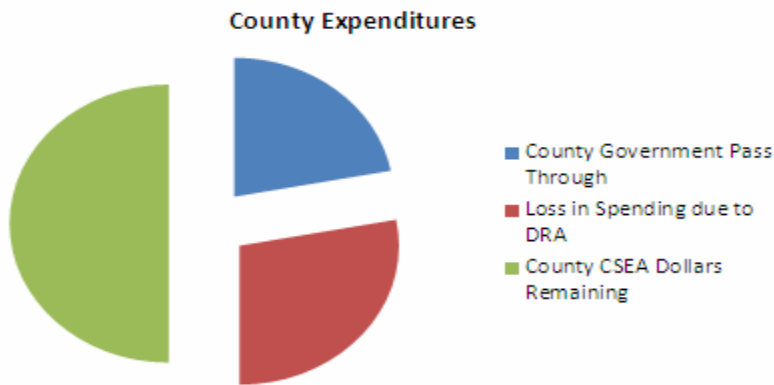
\$84 million potential spending

-\$28 million in incentive earnings

\$56 million gap in spending (\$18.7 million in local funds + \$37.4 million in federal loss)

As seen in the graphic below, this loss in funds accounts for about one third of current county CSEA spending. County Agencies average approximately \$200 million in total expenditures annually.

# Budget Realities



Due to ongoing policy discussions in Congress on how to fund the program, the ability to utilize incentives as local dollars eligible for federal match was temporarily restored in the ARRA legislation. That legislation has since expired and the DRA impact returned October 1, 2010.

## So, what does a loss of this magnitude mean?

- ✓ ***Loss in Collections for Families and for the State of Ohio estimated by the Federal Government to be \$137 million. This will have a direct impact on the dollars retained by the State for Child Support Collections and Cash Medical Collections to offset the costs of Medicaid because on average these cases require more intensive case work.***
- ✓ ***Loss in dollars passing through to County Government \$12 million because less child support staff will mean less actions being taken.***
- ✓ ***More families reliant on publicly funded benefits for a longer period of time.***
- ✓ ***Current services will cease or will take much longer to get completed at the CSEA***
- ✓ ***In short, MORE than the \$10 million County CSEA's are requesting to maintain a high performing program.***

The Federal Office of Child Support estimates that with no local dollars to fill the DRA reductions, Ohio Families will lose \$137 million in child support collections. Some of these collections will be included in the \$31 million currently being retained by the state. We will not be able to establish or enforce orders at the same rate, thus increasing time on TANF and increasing the likelihood that more families will need TANF or other publicly funded benefits. We will lose our ability to treat cases like an individual case and to dedicate time and energy to Fatherhood and work outreach programs that promote successful payment of support. Instead we will move to mass case processing with lower performance results. Review and Adjustment requests will be delayed in completions.

The additional impact of this budget reducing available local resources make it make it nearly impossible to find additional dollars to fill the DRA gap at the local level. The Web Portal and other automation tools mentioned by Director Colbert from ODJFS will be very beneficial, but unfortunately, these tools will not lessen the need for individualized caseworker activities and are at a minimum 15 months away from implementation.

We want to continue to be a leader in this nation. In these economically difficult times, we want to be successful in establishing orders and collecting the dollars owed under these orders. We desire to continue to work with obligors in helping them to be successful parents. We want to continue to build on our success and move services to the next level, but without some dollars either added to 600502 and/or specified from the child support collections line of 600658 to be used for child support, we will not be able to continue efforts and will likely lose ground on successes previously achieved. To maintain current spending levels, \$15 million in local funds is needed. As previously noted, we are requesting \$10 million. Please see the attached memo supporting the transfer of funds from 600658 to 600502.

Again I thank you for this opportunity to testify and I am willing to answer any questions from the committee members.

Respectfully Submitted,

Kimberly C. Newsom Bridges, Esq.

Director, Ohio CSEA Directors' Association

President, National Child Support Enforcement Association